

Good morning, my name is Marie Lenane, and I am a Pricing Analyst at the Executive Office of Health and Human Services. I am here to present staff testimony on the proposed amendments to 101 CMR 428.00: Rates for Certain Independent Living Communities and Services that the amendments will update the rates for Certain Independent Living Communities and Services to be purchased by the Massachusetts Rehabilitation Commission (MRC) as Vocational Rehabilitation Independent Living Services, by the Department of Mental Health (DMH) as Recovery Learning Communities, and by the Massachusetts Commission for the Deaf and Hard of Hearing (MCDHH) as Independent Living Services. The effective date of the proposed amendments is July 1, 2021.

Massachusetts General Laws Chapter 118E, Section 13D, requires the Secretary of the Executive Office of Health and Human Services to establish by regulation rates of payment for social services that are reasonable and adequate to meet the costs incurred by efficient and economically operated social service providers.

All rates for Independent Living Communities and services contained in 101 CMR 428.00 are being updated by the application of a cost adjustment factor (CAF) of 2%. The CAF was determined using baseline and prospective Massachusetts Economic Indicator data from IHS Economics – Fall 2020 Forecast, optimistic scenario data. The CAF reflects the period between the rates' base period (calendar year 2021, second quarter) and the prospective period of fiscal years 2022 and 2023. In addition to the FY20 CAF, the rates for all services have been updated to incorporate an employer and employee contributions required by the Massachusetts paid family and medical leave law. As part of the workforce initiative, staff salaries have been benchmarked to the Massachusetts Bureau of Labor Statistics (BLS) median wages for 2017/2018, and the management salary has been benchmarked to the FY19 Uniform Financial Statements and Independent Auditor's Report (UFR) weighted average for

management positions. The programmatic expenses have also been benchmarked to the FY19 UFR. The tax and fringe rate has been benchmarked to 22.40% and the administrative allocation has been benchmarked to 12%. Finally, the separate workforce initiative rate has been removed from the regulation because the workforce initiative goal of the rate review has been met with the incorporation of BLS benchmarking into the rates.

The total annualized costs to state government from the proposed amendments is \$727,035, which represents an increase of 12.09% over the FY20 spending of approximately \$6 million.

This concludes my testimony. Thank you.